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SUBJECT: 2006 ELECTIONS: A "RENT-A-PARTY" (PTB) POLITICIAN'S PERSPECTIVE

REF: A) BRASILIA 496; B) SAO PAULO 215; C) SAO PAULO 102;
D) 05 BRASILIA 2601; E) 05 BRASILIA 2457 AND PREVIOUS; F) 05 BRASILIA 1602

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY.

SUMMARY

¶1. (SBU) Sao Paulo former Governor Luiz Antonio Fleury Filho, now a Federal Deputy representing the Brazilian Labor Party (PTB), shared his views with Poloff on the upcoming national and state elections. DPO subsequently attended an event at AMCHAM where Fleury talked about his ideas for political reform. Fleury thinks his party will obtain the required five percent vote in the Chamber of Deputies election required to keep its privileges and thus survive, but he admits it will be rough sledding, especially in light of the damage to the party's image caused by the expulsion from the Chamber of the PTB's national president, Roberto Jefferson (ref E), and the party's association with the political corruption scandal. In other election-related comments, Fleury said the Brazilian Social Democracy Party (PSDB) had made a big mistake in nominating Sao Paulo Governor Geraldo Alckmin as its presidential candidate, and that Sao Paulo Mayor Jose Serra had likewise made a mistake in resigning his office to run for Governor. He was skeptical that either one could win. Fleury indicated that the PTB was still deciding whether or not to run its own candidate for Sao Paulo Governor. END SUMMARY.

PTB FACES CHALLENGES

¶12. (SBU) Two-term Federal Deputy Luiz Antonio Fleury Filho (PTB-SP) met with Poloff and Political Assistant April 24 to discuss the current electoral scene. He indicated that his party's strategy will be dictated by the need to obtain a minimum of five percent of the nationwide vote for the Chamber of Deputies, and two percent in at least nine states. Per ref C, the "Barrier Clause" of the 1995 Law on Political Parties, in force for the first time in this year's elections, stipulates that parties whose vote totals fall below these percentages lose the privilege of having party leaders in the Chamber and the Senate; of having their members serve as Committee chairs or as officers of either Chamber; of receiving the bulk of government subsidies provided to political parties (the "Fundo Partidario"); and of receiving free television and radio time. Any party placed in such a position will almost certainly be unable to survive.

¶13. (SBU) Fleury, who joined the PTB in 1995 and serves as its Executive Director and its First Vice-Leader in the Chamber of Deputies, noted that his party's prospects are further impacted by the negative publicity it received when its national president, Federal Deputy Roberto Jefferson (RJ), was implicated in bribery last year and denounced the governing Workers Party (Partido dos Trabalhadores - PT) and others for a systematic bribery scheme involving monthly payoffs to Deputies in return for votes on government-sponsored legislation (the "mensalao" - see ref F). Jefferson was eventually expelled from the Chamber and deprived for eight years of his political rights, and the PTB was irrevocably associated in the public mind with the "mensalao" and corruption. Founded in 1945 by then-President Getulio Vargas as a labor party, the PTB emerged in 1985 from the military dictatorship with a more

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rightist orientation, but its political identity is ill-defined, and most commentators consider it a "legenda a alugar" or rent-a-party that serves no other purpose than to advance the ambitions of its members.

¶14. (SBU) Fleury listed nine states (Sao Paulo, Rio Grande do Sul, Minas Gerais, and Goias among them) where he was reasonably confident the PTB could garner more than the required two percent. He also thought the party could get more than five percent of the vote nationwide, though this would depend in part on alliances with larger, stronger parties at the state level. (NOTE: In 2002, the PTB got 5.1 percent of the nationwide vote, winning 26 seats out of 513 in the Chamber. It did well in the never-ending party-switching game, and by the time the Chamber was seated in February 2003, it had 41 seats. It currently holds 43. END NOTE.)

THE VERTICALIZATION RULE AND ELECTORAL ALLIANCES

¶15. (SBU) The alliance picture remains complicated by uncertainty over what the Brazilian Democratic Movement Party (PMDB) will do in the presidential election. If it runs its own candidate - Rio de Janeiro ex-Governor Anthony Garotinho and former President Itamar Franco have both accounted their pre-candidacies - or allies with another party at the national level, the "verticalization" rule will limit its options for state alliances. Fleury's only comment on Garotinho was, "When he defected from the Socialists, he wanted to join the PTB, but we wouldn't take him." The PTB would like to ally with the PMDB in certain states - for example, Rio Grande do Sul - to increase its vote totals. In 2002, the PTB was part of the coalition that helped elect Lula, and has remained part of the governing coalition, but Fleury said it would avoid national alliances this year in order to retain flexibility at the state level. He believes the verticalization rule has played a positive role by requiring political parties establish national identity, and lamented the recent Constitutional amendment that abolishes the rule beginning with the 2010 elections.

IMPLICATIONS OF THE "BARRIER CLAUSE"

16. (SBU) As things stand now, there are seventeen parties represented in the Chamber of Deputies. With the entry into force of the "Barrier Clause," Fleury estimated that eight parties will achieve the thresholds necessary to survive these elections. These are the four major parties - the PT, PMDB, PSDB, and the Liberal Front Party (PFL) - along with the PTB and several formulations created by the merger of smaller parties. Asked about the possibility of the PTB's merging with another party to enhance its chances, Fleury noted that the Liberal Party (PL) has a chance to survive, but not much of one, and the Progressivist Party (PP) is almost certainly doomed. These two groups, also part of the governing coalition, might be natural merger partners for the PTB, but both are heavily implicated in the "mensalao" scandal, and any combination mixing the PTB with either or both of them would be perceived and dismissed as a "Party of Mensaleiros" (Party on the Take) and thus not a likely vote-getter. The scandal exposed the fact that these medium-sized parties lack identity and ideology, Fleury noted, and will need to be restructured if they hope to survive. Over on the left wing, some combination or elements of the Communist Party of Brazil (PCdoB), Brazilian Socialist Party (PSB), Democratic Labor Party (PDT), and Popular Socialist Party (PPS)

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might merge into one or two viable parties (or the PCdoB might be folded into Lula's PT), but the PTB would have no interest in joining them. A number of smaller parties - the Green Party (PV) and Senator Heloisa Helena's Socialism and Liberty Party (PSOL) on the left, the centrist Social Christian Party (PSC), and the Brazilian Republican Party (PRB) of Vice-President Alencar and the Party for the Re-edification of the National Order (PRONA) on the right - will likely disappear, and few will miss them, Fleury said.

ALCKMIN: THE PERFECT SON-IN-LAW

17. (SBU) Asked for his views on the presidential election, Fleury, in contrast to post's other interlocutors, opined that the PSDB had made a big mistake in choosing Sao Paulo then-Governor Geraldo Alckmin as its candidate. The problem with Alckmin, he said, is that he is "the perfect son-in-law," intelligent, polite, serious, hard-working, reserved, and ultimately boring. You want him to marry your daughter because he can be trusted to treat her well, but you don't want him to run the country. You want someone who can capture the people's imagination, the way Lula has done. He's going to have a very hard time developing a message that will resonate, especially when competing with a politician of Lula's charisma. Fleury also implied that Alckmin is simply not tough or ruthless enough to win the election. A further problem, in his view, is that Alckmin makes too easy a target for those who want to turn this election into a referendum on economic class, one that the poor would inevitably win by dint of sheer numbers. Lula will appeal to the poor, especially in the northeast, by pegging Alckmin as the rich people's candidate. Already the media have stirred up controversy over reports that the candidate's wife, Maria Lucia ("Dona Lu") Alckmin, accepted 400 dresses and outfits from her world-class designer, and how his daughter worked at Daslu, the upscale Sao Paulo department store for Brazil's super-rich whose owners are under investigation for tax evasion. But Fleury discounted any scenario involving the PSDB's withdrawing Alckmin as its candidate and replacing him with former Sao Paulo Mayor Jose Serra. "It's too risky all around; they could end up with nothing, and besides, it would look like an admission of defeat or error." Fleury also thought Serra had made a mistake by resigning to run for Governor of Sao Paulo state; his poll numbers look good now, but he's likely to run into trouble along the way. He doesn't have to lose many points to throw the election into a second round, and "a second round is a whole new election, where anything can happen."

FLEURY FOR GOVERNOR?

¶ 8. (SBU) Fleury, who as a PMDB member served from 1991 through 1994 as Governor of Sao Paulo, said the PTB was currently conducting surveys to determine whether to run its own candidate for Governor. If they do, Fleury said, "it will almost certainly be me," and he will abandon his bid for re-election to the Chamber. He noted that a critical issue for the electorate, and a vulnerability for other candidates, is public security. Fleury, a former state policeman and prosecutor who later served as State Secretary for Public Security, promised a strong law-and-order platform if his party decides to run him. Asked what role former Governor and PMDB state chairman Orestes Quercia would play in the election, Fleury laughed and said, "How should I know? I haven't spoken to Quercia since 1993," but went on to predict that his former political mentor would

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continue to seek a way to run for the Senate seat currently occupied by Eduardo Suplicy (PT). Quercia didn't want to run for Governor, Fleury was sure, and his family must certainly be opposed, just as Fleury's own family opposed his candidacy. Running for Governor makes you too much of a target, he complained.

POLITICAL REFORM: MULTIPLE, DISCORDANT VOICES

¶ 8. (U) In his April 28 presentation at AMCHAM, Fleury stressed the critical need for reform and overhaul of Brazil's political system, but noted that it would be difficult to accomplish because each of the 513 Deputies had his or her own views on what the priorities should be, and each was determined to defend parochial interests. Brazil, he suggested, is not yet mature enough to adopt a system of public financing of political campaigns, though such a measure would in theory reduce corruption and the influence of special interests. He believes Brazil is "vice-ridden," with too many Vice-Presidents, Vice-Governors, and Vice-Mayors who add nothing to the government's operational capacity but rather tend to gum up the works. He also advocated reducing the size of Congress, adopting a pure party-list voting system (the current system awards seats based on both party and individual votes) as a means strengthening political parties, and merging municipalities that are too small to be administratively viable on their own and tend to be rife with corruption.

COMMENT AND BIOGRAPHIC NOTE

¶ 9. (SBU) Fleury's term as Governor was blighted by the 1992 Carandiru prison massacre (refs A-B), in which 111 prisoners were killed when military police were sent into a prison to quell a riot. Legal fallout from the case continues to this day, and Fleury never fully recovered his popularity. In 1994, when he handed the governor's office over to Mario Covas (PSDB), it was reported that state spending had increased fourfold during his administration and state finances were "in a shambles." He was considered for a position in the incoming administration of Fernando Henrique Cardoso (PSDB), but was discarded reportedly because his appointment would have been seen as a slap in the face of Covas, who by all accounts was not amused by the mess he inherited. There were also allegations against Fleury of campaign finance violations and other financial irregularities. Though many believe it was not Fleury, but rather his predecessor and mentor, Quercia, who was to blame for problems in the state administration, a new Fleury candidacy for Governor, twelve years later, would nonetheless be perceived by most as improbably quixotic, and the PTB is likely to realize that. He is respected in the Chamber of Deputies, where he is working to restore his party's reputation in the aftermath of the Roberto Jefferson debacle. He vocally led a successful effort late last year to defeat a PT-proposed referendum to ban sales of firearms. Following the September resignation in disgrace of Chamber President Severino Cavalcanti, Fleury's name was one of several mentioned as a possible successor, but he disavowed any such ambitions when the Lula administration threw its weight behind its erstwhile political coordinator, Aldo Rebelo (PCdoB-SP), who ultimately prevailed (ref D). More recently, with public indignation mounting over the full Chamber's acquittal of Members denounced by the Ethics Committee for their role in the mensalao scandal, Fleury has lobbied vigorously to

change the rules to require a public vote on all matters, including
dismissal of Members. END COMMENT AND BIOGRAPHIC NOTE.

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¶10. (U) This cable has been coordinated/cleared with Embassy
Brasilia.

MCMULLEN